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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 6, 1998

Mr. Jay Bennett
Director-Federal Relations
1401 I Street, N.W. Suite 1100
Washington, D.C. 20005

Re: CC DOCKET NO 98-157

Dear Mr. Bennett:

Enclosed please find an original and four (4) copies of the above-referenced pleading to be filed with the Secretary of the Commission on Wednesday, October 7, 1998. Also enclosed is a copy of the pleading to be file-stamped and returned to me.

Additional copies of the pleading are attached to be used as the courtesy copies and one copy is included for your files.

Please call to confirm that the pleading has been filed. Thank you for your assistance.

Very truly yours,


Thomas A. Pajda

Enclosures

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**Before the
Federal Communications Commission
Washington, D.C. 20554**

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

Petition of U S West Communications, Inc.)
for Forbearance from Regulation as a)
Dominant Carrier in the)
Phoenix, Arizona MSA)
)

CC Docket No. 98-157

COMMENTS OF SBC COMMUNICATIONS INC.

SBC Communications Inc. (SBC), on behalf of Southwestern Bell Telephone Company (SWBT), Pacific Bell, and Nevada Bell, and pursuant to the Public Notice¹ issued August 28, 1998 by the Federal Communications Commission (Commission), hereby comments upon the petition filed by US West Communications, Inc. (U S West).

On March 5, 1998, U S West filed a petition requesting that the Commission exercise its authority to forbear from regulating U S West as a dominant carrier in the provision of high capacity services in the Phoenix, Arizona Metropolitan Statistical Area, pursuant to Section 10 of the Telecommunications Act of 1996 (1996 Act), 47 U.S.C. Section 160.

U S West shows that the Phoenix area market for high capacity services is robustly competitive. U S West explains that it faces intense competition from both

¹ Public Notice, Petition of U S West Communications, Inc. for forbearance from Regulation as a Dominant Carrier in the Phoenix, Arizona MSA, CC Docket No. 98-157, (DA 98-1712), released August 28, 1998.

resellers and five established facilities-based competitors with substantial resources and extensive fiber networks. These companies have access to financial resources equal to or greater than U S West's with which to fund expansion of their networks.

U S West further demonstrates that it has steadily declining market share and that the competitive providers' market share has been growing even more swiftly than the rapid growth in the general demand for high capacity services in the Phoenix area. U S West states that there is high demand and supply elasticity and that it does not enjoy an advantage in terms of its costs, structure, size and resources. Therefore, U S West seeks forbearance from various dominant carrier regulations, including the requirement that U S West file tariffs on up to 15 days notice with cost support, price cap and rate of return regulation, and requirements that U S West charge averaged rates throughout the State of Arizona.

COMMENTS

The petition shows in complete detail the competition facing U S West in the Phoenix MSA. Given this level of proof, there should be no question that U S West is entitled to the relief it seeks.

The Commission should now quickly act on this petition and on similar ones in the future from the other incumbent local exchange carriers (ILECs). The SBC Companies have continued to face similar competition in their MSA's. In fact, the dedicated transport services in many of the SBC companies' MSAs have reached competitive levels for which at least non-dominant regulatory treatment is past due.

The pricing flexibility relief sought by the SBC companies through USTA's 1993 Access Reform Petition for Rulemaking, and the proposals made by USTA and the SBC

Companies in CC Docket Nos. 94-1 and 96-262, were appropriate for the levels of competition that were then present. The Commission must now, however, prepare to deal with regulatory forbearance in the transport market. The Telecommunications Act of 1996 permits petitions to request forbearance on a "by service" or on a "by geographic area" basis. The Commission must forthrightly deal with petitions such as the one filed by U S West. No other competitive "triggers" that may be proposed or ordered in a pricing flexibility proceeding need to be met to justify the forbearance sought here.²

At a minimum, the Commission should accelerate its timeframe for addressing petitions for forbearance of services like high capacity services when a clear demonstration is made that competition is successful. Such a demonstration could be easily evidenced by a showing that alternative providers are offering their own facilities-based services and that customers are choosing the services of these alternative providers. When such evidence exists, much less than the statutorily limited time for review should be taken, given the damage to the petitioner caused by any delay.

CONCLUSION

For the foregoing reasons, the SBC Companies respectfully request that the US West petition be granted expediently and that the Commission accelerate its timeframe for addressing petitions for forbearance of services like high capacity services when a clear demonstration is made that competition is successful.

² Clearly, the markets for other products like operator services are competitive as well, and regulatory streamlining is long overdue for them also.

Respectfully submitted,

SBC COMMUNICATIONS INC.
SOUTHWESTERN BELL TELEPHONE COMPANY
PACIFIC BELL
NEVADA BELL

By Thomas A. Pajda / m3

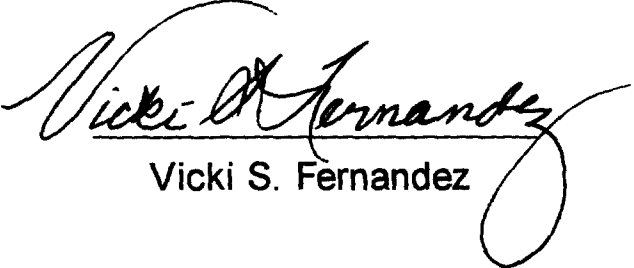
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Their Attorneys

October 7, 1998

CERTIFICATE OF SERVICE

I, Vicki S. Fernandez, hereby certify that the foregoing,
" Comments of SBC Communications, Inc.," in CC Docket No.
98-157 has been filed this 7th day of October 1998, to the
Parties of Record.


Vicki S. Fernandez

October 7, 1998

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